

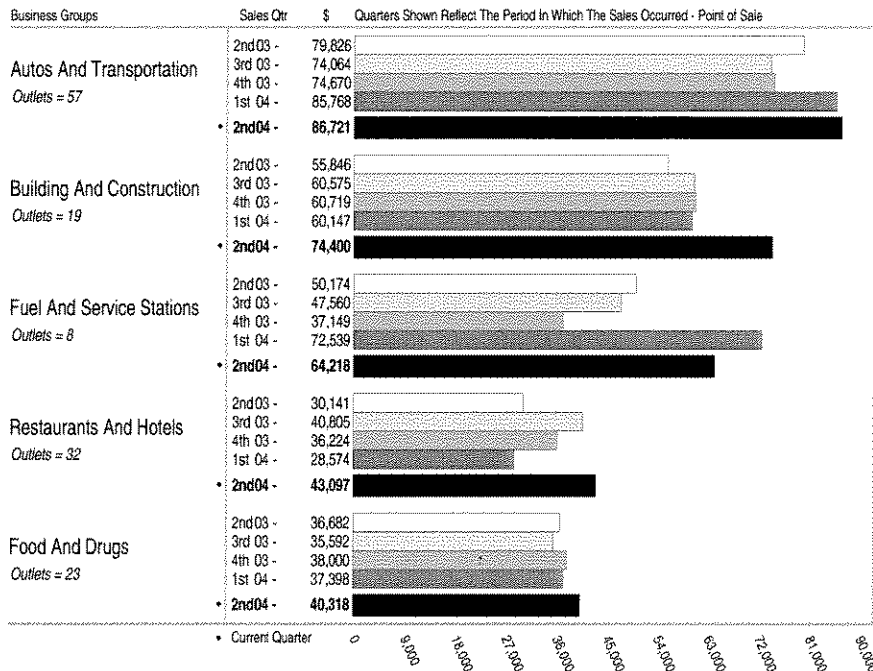


BEAUMONT SALES TAX

Third Quarter Receipts for Second Quarter Sales (Apr. - June 2004)

Publication Date: October 2004 The HdL Companies (www.hdlcompanies.com)

Sales Tax By Major Business Group



This Quarter

Receipts from April - June sales increased 23.2% over the year-ago period but one-time payment aberrations boosted results. With anomalies removed, actual sales were up 19.1%.

Higher prices at the pump drove service station gains. New store openings added to fast food and sporting goods/bike store increases. Retroactive accounting adjustments temporarily exaggerated the restaurant with beer/wine comparison. The city's allocation from the county use tax pool jumped 39.9%.

Over the same period the Southern California region gained 7.3%, the state grew 7.7%.

Top 25 Producers

Listed Alphabetically

Arco AM PM Mini Mart
Bakers Burgers
Banning RV Discount Center
Beaumont Ace Home Center
Beaumont Unocal
Beaumont Yamaha Kawasaki
Big Tex California
Bowie Motors
Burger King
Country Junction
Denny's
84 Lumber
Food 4 Less
KV's Paint & Decorating
Kragen Auto Parts
McDonald's
PGA of Southern Ca. Golf Club
Rancho Ready Mix
SavOn Mobile Home Sales
Stater Bros.
Tom's RV
Toro Aire
Valero Service Station
Wendy's
Wholesale Shutter

Sales Tax Notes

"TRIPLE FLIP" BEGINS...

This is the last quarter that local agencies immediately receive their full allocation of sales and use tax. Although the Board of Equalization's reports and data will continue to reflect the full amounts generated, one-fourth of future distributions will be withheld to guarantee Proposition 57's voter-approved bonds to cover the state's budget deficit.

The withheld funds will be back-filled from county property taxes each January and May in the exact amounts established by the State Director of Finance. For 2004/2005, Beaumont's backfill will be \$336,788. Under- or overestimates will be made up in the following fiscal year.

Proposition 1A if approved, would prevent the state from confiscating future "triple flip" backfills for other purposes. The proposition will however, allow changing the distribution of local taxes to place of use to com-

ply with the interstate streamlined sales tax project if California exercises its option to participate. A state analysis of the issue is expected in early 2005.

CALIFORNIA PERFORMANCE REVIEW

The 1,200 ideas recently presented to the Governor for improving the efficiency and effectiveness of state government include the following suggestions related to sales tax:

- Consolidate the Franchise Tax Board, Board of Equalization and Employment Development Department into a California Tax Commission.
- Create a better data system for identifying potential tax avoiders.
- Expand the tax amnesty program to encourage payment of delinquent taxes.
- Hire additional staff to identify and collect unreported use tax.

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Top 20 Business Categories

Business Type	Outlets	2nd Qtr '04	2nd Qtr '03	Percent Change	City	County	State
Service Stations	6	62,456	49,329	26.6%	18.3%	8.7%	7.2%
Trailers And Supplies	5	51,785	45,178	14.6%	15.2%	1.2%	0.6%
Grocery Stores Liquor	Confidential Information					3.3%	2.8%
Contractors	9	27,725	19,895	39.4%	8.1%	5.7%	3.8%
Fast Food	22	25,670	17,899	43.4%	7.5%	4.7%	4.3%
Lumber/Building Materials	Confidential Information					6.4%	4.5%
Boats/Motorcycles	4	18,507	17,961	3.0%	5.4%	1.2%	0.8%
Hardware Stores	5	17,727	14,820	19.6%	5.2%	0.5%	0.7%
Restaurants Beer And Wine	5	12,054	6,406	88.1%	3.5%	1.9%	2.4%
Automotive Supply Stores	12	6,022	5,189	16.1%	1.8%	1.5%	1.2%
Auto Repair Shops	21	6,011	5,682	5.8%	1.8%	1.0%	1.1%
Sporting Goods/Bike Stores	11	5,149	885	481.6%	1.5%	0.8%	0.8%
Paint/Glass/Wallpaper	Confidential Information					0.3%	0.3%
Restaurants Liquor	Confidential Information					2.0%	2.8%
Specialty Stores	157	4,181	3,957	5.7%	1.2%	2.5%	3.2%
Used Automotive Dealers	Confidential Information					1.1%	1.4%
Grocery Stores Beer/Wine	8	4,117	3,288	25.2%	1.2%	1.2%	1.3%
Package Liquor Stores	4	3,925	3,617	8.5%	1.2%	0.4%	0.5%
Office Equipment	Confidential Information					0.2%	0.9%
Garden Supplies	5	2,801	2,356	18.9%	0.8%	0.7%	0.8%
Retail Stores	471	296,063	244,394	21.1%	86.9%	81.3%	76.3%
Non-Store/Part Time Retailers	80	888	652	36.1%	0.3%	0.5%	0.6%
Business, Service & Repairs	68	10,244	8,762	16.9%	3.0%	6.2%	7.4%
All Other Outlets (Industrial)	35	33,503	26,219	27.8%	9.8%	12.0%	15.8%
Total All Accounts	654	340,698	280,026	21.7%			
County & State Pool Allocation		37,210	26,621	39.8%			
Gross Receipts		377,908	306,648	23.2%			

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- Develop independent sources of revenue for local governments.

The report which was assembled by state employees and volunteers, is now being reviewed by a 21-member Performance Review Commission through public hearings around the state. For more information, go to <http://cpr.ca.gov>.

STATE OVERHEAD CHARGES

The 2004 Budget Act requires that the Board of Equalization submit by December, 2004, a report to the State Legislature on the fees currently charged for administration of sales, use and transactions taxes.

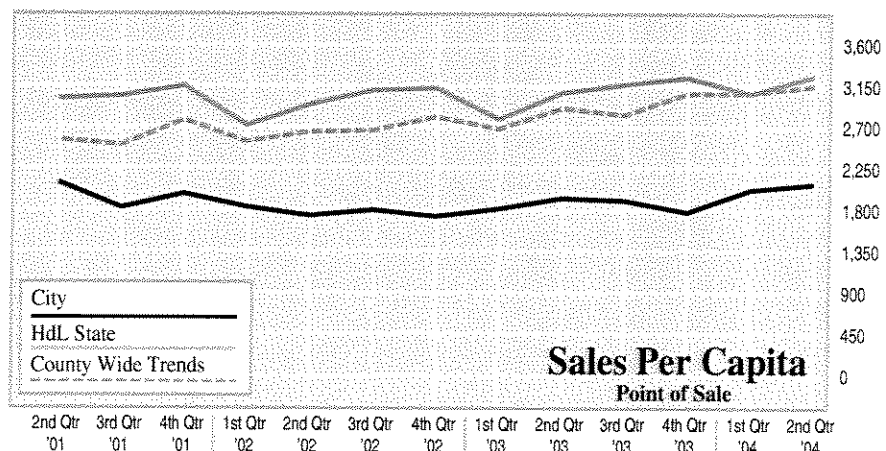
The state currently assesses local agencies the direct costs associated with registering, processing, auditing and collecting local taxes plus a share of the Board's basic infrastructure costs and a share of the costs of support services provided by other state agencies. The fees are adjusted annually to reflect the difference between the Board's recovered costs

and actual costs incurred during the previous two years.

In 2003/2004, this resulted in a fee of 0.81% of revenues collected for the Bradley Burns local tax and 1.26% of revenues collected for local transactions tax districts. A total of \$76,880,000 was deducted from local agency allocations for collection and administration of the two taxes in 2003/2004.

Fiscal Year To Date Revenue Comparison

	2003-04	2004-05
Point-of-Sale	280,026	340,698
County Pool	26,349	36,850
State Pool	272	360
Gross Receipts	306,648	377,908



THE CITY OF BEAUMONT

ALL BUSINESS TYPES - 13 QUARTER HISTORY

Chart Description: This chart compares City sales per capita to that of 6 other jurisdictions. The prior 12 quarters are shown graphically for historical reference purposes.

